

Before the
POSTAL REGULATORY COMMISSION
Washington, DC 20268-0001

Annual Compliance Report, 2013 : Docket No. ACR2013

INITIAL COMMENTS OF THE GREETING CARD ASSOCIATION

The Greeting Card Association (GCA) files these Initial Comments pursuant to Order No. 1935. They concern a rate structure issue which GCA has raised in other Dockets¹: the newly-established one-cent differential in favor of “Metered” (as opposed to “Stamped”) Single-Piece First-Class Letters. GCA’s purpose is not to ask the Commission to rule on this issue now – since the rate differential in question was not in effect in FY 2013 – but to outline what we believe would have to be shown to establish a justification for what GCA believes would otherwise have to be condemned as (i) an unjust and unreasonable rate change (in violation of 39 U.S.C. sec. 3622(b)(8)), (ii) so far as can be told from now-available supporting material, a non-functional discount which may be enjoyed by mailers who are already using, for reasons of their own, the payment method the differential is supposed to persuade them to adopt, and (iii) an irrationally-designed rate structure. As the Commission has suggested in Order No. 1890, the appropriate venue for such showings and comment on them would be the next (FY 2014) annual compliance review. The differential will by that time have been effective for most of a fiscal year, and it would seem possible for sufficient data on its operation and effect to have been collected.

GCA suggests that the Commission should require the Postal Service to show:

¹ Docket No. R2013-10, Comments of the Greeting Card Association, passim; Docket No. R2013-11, Initial Comments of the Greeting Card Association, pp. 25 et seq.

1. The effect of the differential in eliciting *new* meter usage. Since new as well as established meter users are necessarily known to the Postal Service from the time they become users, it should be possible to provide data on any marked upturn in new meter accounts that could be credibly connected with the institution of the differential. This factual issue is important because if no such upturn had occurred, it would be reasonable to suspect that existing meter users were simply enjoying favored rate treatment without providing additional cost savings.

2. Any marked increase in the volume of Metered² letters, and/or in the fraction of all Single-Piece Letters they represent. Such information could – if there is no other evident reason for the upturn – indicate that meter users are increasing their sent volume.

3. Information sufficient to establish the cost savings from converting a letter from Stamped to Metered postage payment. This would help determine how worthwhile the differential is, or could eventually become, in terms of cost reduction as a tradeoff for reduced revenue.

4. A sufficient explanation and justification for the seemingly irrational structure of the differential, whereby it is made to apply separately to each ounce increment up to the weight limit for Letters. As GCA has argued before³, there seems to be no reason for change in the *method* of postage payment to affect, or be affected by, additional ounces.

GCA makes these recommendations in the hope that the Commission will call for these information items (as well as any others it deems relevant) when it issues its Determination in this case – and, of course, that the Postal Service will agree that they would be useful and prepare to provide them. GCA will be pre-

² As in previous pleadings, we capitalize “Metered” and “Stamped” when referring to the specific new rate categories created in Docket R2013-10.

³ Docket No. R2013-10, Comments of the Greeting Card Association, p. 8.

pared, if necessary, to petition for Information Requests in the FY 2014 compliance docket.

January 31, 2014

Respectfully submitted,

GREETING CARD ASSOCIATION

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